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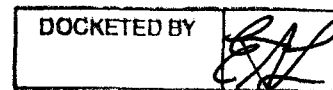
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BOB BURNS

Arizona Corporation Commission

DOCKETED

DEC 20 2013



**APPLICATION OF ESTATE OF
WILLIAM F. RANDALL DBA VALLE
VERDE WATER COMPANY FOR AN
INCREASE IN ITS WATER RATES**

Docket No. W-01431A-09-0360
W-01431A-09-0361

**REVISED ANNUAL WATER LOSS
REPORTS**

and

**IN THE MATTER OF THE
APPLICATION OF THE ESTATE OF
WILLIAM F. RANDALL DBA VALLE
VERDE WATER COMPANY FOR
AUTHORITY TO INCUR LONG-TERM
DEBT**

Estate of William F. Randall dba Valle Verde Water Company ("Company"),
hereby files the following revised water loss reports:

- East System 2011 Annual Water Loss Report (Attachment 1);

- These water loss reports contain plans to help reduce the water systems' losses to 10% or less.

MOYES SELLERS & HENDRICKS LTD.

Steve Wene
Steve Wene

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Donnelly Herbert

ATTACHMENT 1



SOUTHWESTERN UTILITY MANAGEMENT INC
WATER UTILITY MANAGEMENT
TELEPHONE: (520) 623-5172
FAX: (520) 792-0377
WEB - www.southwesternutility.com

MAILING ADDRESS:
P.O. BOX 85160
TUCSON, AZ 85754

LOCATION:
2015 N FORBES BLVD, SUITE 107
TUCSON, AZ 85745

Arizona Corporation Commission
Utilities Division
1200 W Washington St.
Phoenix, AZ 85007

December 20, 2013

RE: East System 2011 Annual Report

To whom it may concern;

The following is a report containing a plan to help reduce water loss to 10% or under for Valle Verde Water Company ("Valle Verde") East System PWS 12-009. We understand this system is out of compliance for a Water loss < 10%. In recent years Southwestern Utility Management, Inc. ("SUM") has helped Valle Verde Water obtain over \$3,000,000.00 in upgrades to the water system from grants and has a Water Infrastructure Finance Authority ("WIFA") loan approved. The projects will include; new water mains, service lines, a new 190,000 storage tank and a treatment system for Volatile Organic Chemicals.

Valle Verde Water has several Best Management Practices in place to help customers in regard to conserving water. Unfortunately, this system has had many water leaks that were repaired but still had a loss of many thousands of gallons of water. Valle Verde is very proactive when it comes to water line repairs but cannot control the volume of leaks that may occur. Most of this systems infrastructure is over 40 years of age and needs more upgrades in the future. SUM will work with the Valle Verde personnel to work on a leak detection program to locate troubled areas within the system that may not have yet surfaced and a meter replacement program as well as a solution to a stagnate water concern at one of the facilities. Attached to this letter is a cost analysis and a plan implementing meter replacement and leak detection programs to help overcome the water loss issues.

Please do not hesitate to contact us if you need additional information or have questions.

Sincerely,

Keith Dojaquez, CCI
Vice President Operations
Southwestern Utility Management, Inc.

Cc: Bonnie O'Connor, President

1. METER REPLACEMENT PROGRAM

This task includes replacing aged meters in the system. Due to the age of these meters they do not read accurately. If these meters are replaced the percentage of water loss will be more accurate. The cost of the meters are \$70.00 each (Prices from Dana Kepner). In order to help with the water loss issues Valle Verde Water would have to change at least 20 meters a month ($\$70.00 \times 20 \text{ meters} = \$1,400.00$) to have any progress on the reduction of water loss. This utility doesn't have the funding to accomplish this task.

2. LEAK DETECTION PROGRAM

This task includes a water leak detection program. The costs are from Utility Services Associates. The cost is approximately \$1,250.00 a day plus a mobilization charge of \$500.00. To analyze the whole system and all other contact points would be about 5-7 days but in a 2.5 mile area or approximately 200 services at a time would take 2 days per assessment.

ATTACHMENT 2



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December 20, 2013

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Valle Verde Water has several Best Management Practices in place to help customers in regard to conserving water. Unfortunately, this system has had many water leaks that were repaired but still had a loss of many thousands of gallons of water. Valle Verde is very proactive when it comes to water line repairs but cannot control the volume of leaks that may occur. Most of this systems infrastructure is over 40 years of age and needs more upgrades in the future. SUM will work with the Valle Verde personnel to work on a leak detection program to locate troubled areas within the system that may not have yet surfaced and a meter replacement program as well as a solution to a stagnate water concern at one of the facilities. Attached to this letter is a cost analysis and a plan implementing meter replacement and leak detection programs to help overcome the water loss issues.

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Vice President Operations
Southwestern Utility Management, Inc.

Cc: Bonnie O'Connor, President

1. METER REPLACEMENT PROGRAM

This task includes replacing aged meters in the system. Due to the age of these meters they do not read accurately. If these meters are replaced the percentage of water loss will be more accurate. The cost of the meters are \$70.00 each (Prices from Dana Kepner). In order to help with the water loss issues Valle Verde Water would have to change at least 20 meters a month ($\$70.00 \times 20 \text{ meters} = \$1,400.00$) to have any progress on the reduction of water loss. This utility doesn't have the funding to accomplish this task.

2. LEAK DETECTION PROGRAM

This task includes a water leak detection program. The costs are from Utility Services Associates. The cost is approximately \$1,250.00 a day plus a mobilization charge of \$500.00. To analyze the whole system and all other contact points would be about 5-7 days but in a 2.5 mile area or approximately 200 services at a time would take 2 days per assessment.

ATTACHMENT 3



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Utilities Division
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December 20, 2013

RE: West System 2011 Annual Report

To whom it may concern;

The following is a report containing a plan to help reduce water loss to 10% or under for Valle Verde Water Company ("Valle Verde") West System. We understand this system is out of compliance with a water loss < 10%. In the past 4 years Southwestern Utility Management, Inc. ("SUM") has helped Valle Verde obtain over \$3,000,000.00 in upgrades to the water system from grants and a Water Infrastructure Finance Authority ("WIFA") loan. These projects included; new water mains and the interconnection of both East and West system.

Valle Verde has several Best Management Practices in place to help customers in regard to conserving water. Unfortunately this system has had many water leaks that were repaired but still had a loss of many thousands of gallons of water. Valle Verde is very proactive when it comes to water line repairs but cannot control the volume of leaks that may occur. Most of this systems infrastructure is over 40 years of age and needs more upgrades in the future. SUM will work with the Valle Verde personnel to work on a leak detection program to locate troubled areas within the system that may not have yet surfaced and a meter replacement program as well as a solution to a stagnate water concern at one of the facilities. Attached to this letter is a cost analysis and a plan to implement these programs.

Please do not hesitate to contact us if you need additional information or have questions.

Sincerely,

Keith Dojaquez, CCI
Vice President Operations
Southwestern Utility Management, Inc.

Cc: Bonnie O'Connor, President

1. METER REPLACEMENT PROGRAM

This task includes replacing aged meters in the system. Due to the age of these meters they do not read accurately. If these meters are replaced the percentage of water loss will be more accurate. The cost of the meters are \$70.00 each (Prices from Dana Kepner). In order to help with the water loss issues Valle Verde Water would have to change at least 20 meters a month ($\$70.00 \times 20 \text{ meters} = \$1,400.00$) to have any progress on the reduction of water loss. This utility doesn't have the funding to accomplish this task.

2. LEAK DETECTION PROGRAM

This task includes a water leak detection program. The costs are from Utility Services Associates. The cost is approximately \$1,250.00 a day plus a mobilization charge of \$500.00. To analyze the whole system and all other contact points would be about 5-7 days but in a 2.5 mile area or approximately 200 services at a time would take 2 days per assessment.

3. STATIC MIXER FOR WELL SITE 10 STORAGE TANK

This Task would include to purchase and install a static mixer to circulate the water in a 200,000 gallon storage tank. Due to stagnant water concerns from a low water demand from one customer, this tank is drained every 6 to 8 weeks. Even though this storage tank is chlorinated water stratification still occurs and the water quality can be a concern especially in the summer months. The cost for a GridBee (Solarbee) GS-12 static mixer is approximately \$10,000.00. This utility doesn't have the funding to accomplish this task. We will look into a different approach that is not as expensive to mix the water in the storage tank that this water utility can afford to implement.

ATTACHMENT 4



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Valle Verde has several Best Management Practices in place to help customers in regard to conserving water. Unfortunately this system has had many water leaks that were repaired but still had a loss of many thousands of gallons of water. Valle Verde is very proactive when it comes to water line repairs but cannot control the volume of leaks that may occur. Most of this systems infrastructure is over 40 years of age and needs more upgrades in the future. SUM will work with the Valle Verde personnel to work on a leak detection program to locate troubled areas within the system that may not have yet surfaced and a meter replacement program as well as a solution to a stagnate water concern at one of the facilities. Attached to this letter is a cost analysis and a plan to implement these programs.

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Sincerely,

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Southwestern Utility Management, Inc.

Cc: Bonnie O'Connor, President

1. METER REPLACEMENT PROGRAM

This task includes replacing aged meters in the system. Due to the age of these meters they do not read accurately. If these meters are replaced the percentage of water loss will be more accurate. The cost of the meters are \$70.00 each (Prices from Dana Kepner). In order to help with the water loss issues Valle Verde Water would have to change at least 20 meters a month ($\$70.00 \times 20 \text{ meters} = \$1,400.00$) to have any progress on the reduction of water loss. This utility doesn't have the funding to accomplish this task.

2. LEAK DETECTION PROGRAM

This task includes a water leak detection program. The costs are from Utility Services Associates. The cost is approximately \$1,250.00 a day plus a mobilization charge of \$500.00. To analyze the whole system and all other contact points would be about 5-7 days but in a 2.5 mile area or approximately 200 services at a time would take 2 days per assessment.

3. STATIC MIXER FOR WELL SITE 10 STORAGE TANK

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